

TOWN OF TRURO

AFFORDABLE HOUSING PLAN

EXECUTIVE SUMMARY

Besides being the smallest community on Cape Cod, Truro has additional distinctive features that set it apart from other places in Barnstable County and the state in general. Located on the wrist of Lower Cape Cod, Truro's small town character, miles of pristine beaches, rich historical connection to the sea, and rural nature have continued to lure visitors over the years – some who arrive for extended periods in the summer, others who have decided to purchase second homes, and those searching for a place to retire. Median housing prices for single-family homes are edging towards \$700,000, out of reach for almost all year round residents. More than any other community on the Cape, Truro now has two distinct populations, a permanent residential base and a larger, more affluent and part-time population, driving up housing prices and taxing local services. A summary of some of the resulting demographic and housing characteristics of this population shift is included in Table 1.

This information shows how very unique Truro is, with sizable differences from other communities in the county and the state, some of which can be explained based on the following factors:

- *National Seashore*
Approximately 70% of the town is located within the boundaries of the Cape Cod National Seashore, which, being perhaps the town's greatest physical asset, also substantially constrains future development as it is set-aside primarily for conservation and recreational purposes. Consequently, development opportunities are focused on only about eight acres outside of the National Seashore, fueling the high costs of available property.
- *Housing Growth and Density*
The Cape is experiencing significant housing growth, fifth highest among the state's 14 counties, which has resulted in higher density, the third highest among the 14 counties. Because the National Seashore restricts new development to only about 30% of the geographic area of Truro, housing growth and resulting densities are not substantially lower than the rest of the Cape or state despite the community's general rural character. In fact, housing growth has been higher in Truro than the rest of the Cape or state as a whole.
- *Seasonal Housing Pressures*
More than 60% of the town's housing stock is occupied by seasonal or occasional residents as compared to 32% in Barnstable County as a whole and a state average of only 3.6%. Consequently, in the summer months, Truro's population increases exponentially, putting substantial pressure on Town services and on the permanent population. Some say that the total summer population comes close to 25,000. This temporary population, however, has bolstered the local economy and employment has increasingly focused on servicing these residents.²

² Recent workforce data from the Massachusetts Department of Workforce Development indicate average weekly wages of \$616 per week, translating into an average annual salary of \$32,032. Data also indicated that most of the workforce was employed either in the construction trades, retail establishments or

Table 1
Summary of Demographic and Housing Characteristics for
Truro, Barnstable County and the State
2000

Characteristics	Truro	Barnstable County	Massachusetts
Household Characteristics			
% less than 18 years	17.4%	20.4%	23.6%
% 20 to 34 years	11.9%	13.2%	21.0%
% 45 to 54 years	20.5%	14.8% (20.8%)*	13.8%
% 65 years or more	17.0%	23.1% (34.4%)*	13.5%
Median age	45.7 years	44.6 years	36.5 years
% non-family households	43.2%	36%	36%
Average household size	2.18 persons	2.28 persons	2.51 persons
Median income 2000/2005 projections*	\$42,981/\$59,632	\$45,933/\$63,727	\$50,502
Individuals in poverty	11.2%	7%	9%
% earning less than \$25,000	27.8%	24.6%	24.6%
% earning more than \$100,000	8.0%	12.4%	17.7%
Housing Characteristics			
% owner-occupied	77.9%	77.8% (79.6%)*	61.7%
% renter-occupied	22.6%	22.2% (20.4%)*	38.3%
% occupied housing	35.6%	64.5%	93.2%
% seasonal or occasional use	60.8%	32.0%	3.6%
% in single-family, detached structures	91.2%	82.9%	52.4%
Housing growth 2000 to 2005*	8.4%	4.6%	2.5%
Housing density 2000 to 2005*	319.5 to 346.4 units/square mile	371.6 to 388.9 units/square mile	334.5 to 342.9 units/square mile
Median sales price	\$286,500/\$510,000*(05)	\$178,800	\$185,700

*Data for the above table is derived primarily from the 2000 census, however, some updated estimates have been incorporated. For example, the numbers in parentheses indicate updated census projections based on the 2005 American Community Survey and demonstrate substantial trends towards an aging population and increased levels of owner-occupancy in Barnstable County. Projections are also included for median income. Data on housing growth and density were derived from the Cape Cod's Commission's analysis of census housing estimates for 2005 and there are also updated median house values.

accommodation/food services, and the unemployment rate was 13.5% to 14.5% during the winter months of 2005 as opposed to 6.5% to 6.9% for Barnstable County and 5.2% to 5.5% for the state confirming Truro's reliance on servicing seasonal resident needs.

- *Older Population*

In comparison to the Cape and state in general, Truro's population is older, with a median age of 46.7 years as opposed to 44.6 and 36.5 years for the county and state, respectively. The town also has significantly fewer school-age children with 17.4% of the population less than 18 years of age versus 20.4% and 23.6% for the county and state, respectively. The relatively smaller numbers of children relates directly to the increasing numbers of nontraditional households and dwindling numbers of those aged 20 to 34 who are forming new families and entering the labor market, 12% of all households in Truro but 13% for the Cape in general and 21% for the state. The high cost of living in Truro, the lack of affordable housing in particular, as well as limited employment opportunities are likely creating barriers for this age group and making it increasingly more likely that those who were raised in Truro will not be able to raise their own families locally. On the other hand, Truro had a substantially higher percentage of those 45 to 54 years of age who are entering the prime of their earning potential better able to afford the higher cost of housing. While there are fewer residents 65 years of age or older than the Cape as a whole, 17% as opposed to 23% (34% using 2005 census projections), Truro nevertheless has significantly more seniors than the state overall where those 65 years plus comprise only 13.5% of the total population.

- *Lower Incomes*

Incomes in Truro were lower, not quite \$43,000 as opposed to \$46,000 and \$50,500 for the county and state, respectively. Updated 2006 projections for Truro and the Cape are \$59,632 and \$63,727, respectively. Additionally, the percentage of those earning less than \$25,000 annually was higher in Truro, 27.8%, while it was 24.6% for the county and state. On the other hand, there were fewer year-round residents in Truro earning more than \$100,000, 8% as opposed to 12.4% for the county and 17.7% for the state.

- *Escalating Housing Market Conditions*

The 2000 median housing prices provides a comparison of Truro's housing market to that of Barnstable County and the state, with significantly higher market values -- \$286,500 for Truro, \$178,800 for the county and \$185,700 for the state. Since that time housing prices have soared. The median housing value in 2005 was \$638,000 for single-family homes and a \$510,000 average for all sales. To afford the median price of \$510,000 would require an income of approximately \$135,000 based on conventional lending practices, well beyond the means of most local residents. Escalating housing prices are also reflected in increased property taxes, which in combination with rising energy bills and insurance costs, cause a serious financial strain on long-term residents, particularly those with fixed incomes. Applying the updated median income estimate of \$59,632, based on the 38.74% change in the HUD median income levels for Barnstable County between 2000 and 2006, would result in an affordability gap of \$285,000, the difference between what the median income household could afford (\$225,000) and the median priced house (\$510,000). *This information points to a critical local concern, the divergence between the high costs of housing and residents' ability to pay for it.*

- *Scarce Supply of Workforce Housing*

The supply of housing for working families is dwindling as homes that were priced reasonably in the past have more than doubled in value given market pressures brought on by a buoyant regional economy and the demand from the seasonal, second home and retirement market. There

are currently no single-family homes priced below \$400,000. Based on the Massachusetts Department of Housing and Community Development's most recent data on the Chapter 40B Subsidized Housing Inventory, Truro had 999 year-round housing units, of which nine (9) can be counted as affordable, representing 0.90% of the year-round housing stock. To meet the state's 10% affordable housing goal under Chapter 40B of the Massachusetts General Laws, at least 99 of the existing units would have to be "affordable".³ This means that right now Truro is short of the 10% standard by 91 affordable housing units. Assuming future housing growth, this 10% figure is a moving target; the required minimum number of year-round units will increase over time.

Undertaking a more proactive housing agenda to promote workforce housing will be a significant challenge in Truro. First, the town's resources for absorbing growth are extremely limited as it has significant physical constraints. In addition to the considerable extent of the Cape Cod National Seashore within Truro's borders directed primarily to conservation and recreational uses – about 70% of the town's existing 26 square miles – Truro has limited water and no sewer services, making denser development more costly and difficult. Consequently, residents must rely largely on wells and on-site septic systems. This raises concerns among residents about water supply and quality impacts of any new development.

Second, local zoning provides substantial obstacles to housing for working families, and current regulations would have to be reformed or in many cases overridden through "friendly" comprehensive permits to overcome these barriers. Zoning for accelerated growth raises local questions concerning capacity and changing the very nature of the community with its small town distinctions.

Third, the town needs to establish the means of building its capacity to promote more affordable development by aggressively reaching out for necessary technical and financial resources and building the political support needed to get the job done. It must also strive to effectively manage the Town's limited assets as a whole, and direct growth most effectively for the overall environmental and social health of the community. Besides Community Preservation Funds, Truro has limited resources to support workforce housing. Because the Town has limited commercial and industrial uses, it relies predominantly on property taxes raised through its residential base. While tax revenues are increasing based on rising property values, Truro, like other nearby communities, just reduced to \$4.15 per thousand as opposed to more than \$15.00 per thousand in quite a few other communities in the Boston region. Besides limited financial resources, based on the small number of year-round residents, it is also challenging to attract needed volunteers to serve on Town boards and committees, including the Truro Housing Authority. Truro does not have the same number of municipal employees as larger municipalities. The Town recently hired an Assistant Town Administrator/Planner who is capable of coordinating planning functions.

³ Chapter 774 of the Acts of 1969 established the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B) to facilitate the development of affordable housing for low- and moderate-income households (defined as any housing subsidized by the federal or state government under any program to assist in the construction of low- or moderate-income housing for those earning less than 80% of median income) by permitting the state to override local zoning and other restrictions in communities where less than 10% of the year-round housing is subsidized for low- and moderate-income households.

This Affordable Housing Plan suggests a range of options to meet pressing local housing needs and to bring Truro closer to the state's 10% affordable housing goal, presenting a proactive housing agenda of Town-sponsored initiatives. Due to the rising costs of homeownership, including escalating costs associated with taxes, insurance⁴ and utilities, some residents are finding it increasingly difficult to afford to remain in Truro. Children who grew up in the town are now facing the possibility that they may not be able to return to raise their own families locally. Long-term residents, especially the elderly, are finding themselves less able to maintain their homes and keep up with increased expenses, such as taxes and energy costs, but are unable to find alternative housing that better meets their needs. Families are finding it more difficult to "buy up," purchasing larger homes as their families grow. Town employees and employees of local businesses are increasingly hard pressed to find housing that is affordable in Truro and are confronted with longer commutes as the increasing affluence of the area squeezes them out of the housing market. In fact, it is becoming increasingly difficult to attract and retain teachers and members of the Police force. Therefore, candidates are usually already living somewhere on the Cape or have second homes here and are looking to "finish" their career in Truro – both situations result in applicants being very high on the experience/salary scale. Another trend is for residents to rent their homes in the summer months and camp or move in with relatives during this period in order to afford to live in Truro. Clearly more housing options are required to meet local needs and produce Truro's fair share of regional needs.

A. Housing Goals

The Town of Truro, through its 2005 Local Comprehensive Plan, identified the following housing goals that will serve as the basis for the strategies that will be proposed in the Affordable Housing Plan:

1. *Strive to meet 10% state affordable housing goal.* Truro will promote decent, safe, affordable housing for rental or purchase to meet the needs of present and future Truro residents. In accordance with state law, Truro will seek to raise its affordable housing stock to 10% of all year-round units at the rate of 0.75% per year.
2. *Serve a variety of housing needs.* Truro will encourage and support affordable housing that can serve a variety of needs, including elderly residents, families with children, couples, singles, and municipal employees.
3. *Work regionally where possible.* Truro will work with other towns and with state and regional agencies to support affordable housing at the regional level.
4. *Make zoning and regulatory reforms.* Truro will make the necessary zoning and regulatory changes to encourage the development of affordable rental units and homes needed for Truro residents. This includes measures to promote smart growth development. Smart growth development is a response to the problems associated with unplanned, unlimited suburban development – or sprawl – and calls for more efficient land use, compact development patterns, less dependence on the automobile, a range of diverse housing opportunities and choices, equitable allocation of the costs and benefits of development, and an improved jobs/housing balance.

⁴ Following Hurricane Katrina, more insurance companies are deciding to no longer offer insurance in "high risk" areas, including Truro, and as a result insurance costs are doubling. Many residents are now being referred to the state's Fair Plan, which is not designed to serve areas like Truro.

B. Summary of Affordable Housing Planned Production Goals

The State administers the Planned Production Program that enables cities and towns to adopt an affordable housing plan that demonstrates production of .75% over one year or 1.5% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory (for details on Planned Production see Appendix 3). Truro will have to produce approximately seven (7) affordable units annually to meet these goals through 2010. When the 2010 census figures become available in 2011, this number will be somewhat higher. If the State certifies that the locality has complied with its annual goals, the Town may, through its Zoning Board of Appeals, deny comprehensive permit applications without opportunity for appeal by developers.

Using the strategies summarized under the Housing Action Plan described in Section VI, the Town of Truro has developed a Planned Production Program to chart affordable housing production activity over the next decade. The projected goals are best guesses at this time, and there is likely to be a great deal of fluidity in these estimates from year to year. The goals are based largely on the following criteria:

- To the greatest extent possible, at least 50% of the units that are developed on Town-owned parcels should be affordable to households earning at or below 80% of area median income (\$57,350 for a family of four) and at least another 10% affordable to those earning up to 150% of area median income, depending on project feasibility. The rental units will also target some households earning at or below 60% of area median income (\$43,000 for a family of four) depending upon subsidy program requirements.
- Projections are based on a minimum of four units per acre, currently not an allowed density. However, given specific site conditions and financial feasibility it may be appropriate to increase or decrease density as long as projects are in compliance with state Title V and wetlands regulations.
- Because housing strategies include some development on privately owned parcels, new housing creation will involve projects sponsored by private developers through the standard regulatory process or possibly “friendly” comprehensive permit process. The Town plans to promote increased affordability in these projects, working with developers to incorporate at least 30% of the units as affordable where feasible.
- The projections involve a mix of rental and ownership opportunities. The Town will work with private developers to promote a diversity of housing types directed to different populations with housing needs including families, seniors and other individuals with special needs to offer a wider range of housing options for residents.

Planned production goals over the next ten years include the creation of 93 affordable units and 18 middle-income units, 89 market units with a total projected number of housing units created of 200 units.

C. Summary of Housing Action Plan

The strategies outlined below are based on previous plans, reports, studies, the Housing Needs Assessment, and the experience of other comparable localities in the region and throughout the Commonwealth. The strategies are grouped according to the type of action proposed – Planning and Regulatory Reforms, Building Local Capacity, Housing Production, and Housing Preservation – and categorized by Two-Year, Five-Year Action Plans, and other possible actions for future consideration. Two-Year actions are those that will begin within the next two years, most of which will involve some

immediate actions. Those strategies included in the Five-Year Action Plan involve focused attention after the next couple of years, working towards implementation after Year 2 but before Year 5. Strategies listed for possible consideration do not involve priority actions. A summary of these actions is included in Table 2 on page 9. Also, a glossary of housing terms is included in the preface of this Affordable Housing Plan.

1. Encourage Planning and Regulatory Reforms

The Town of Truro should consider the following planning and zoning-related strategies to promote the creation of additional affordable units.

- Adopt inclusionary zoning
- Amend accessory apartment bylaw
- Amend condo bylaw
- Encourage cluster zoning
- Allow affordable development on nonconforming lots
- Encourage mixed-use development
- Adopt Affordable Housing Guidelines

Other possible strategies for future consideration

- Explore possible tax policy changes to promote affordable housing
- Explore the Transfer of Development Rights (TDR)

2. Build Local Capacity

In order to be able to carry out the strategies included in this Affordable Housing Plan and meet the Planned Production goals, it will be important for the Town of Truro to build on its capacity to promote affordable housing activities. This capacity includes gaining access to greater resources – financial and technical – as well as building local political support, developing partnerships with public and private developers and lenders, and creating and augmenting local organizations and systems that will support new housing production.

- Continue to conduct educational campaign
- Establish Annual Housing Summits

Other possible strategies for consideration

- Promote affordable housing organizations
- Improve Commonwealth Capital scoring

3. Housing Production

To accomplish the actions included in this Affordable Housing Plan and meet production goals, it will be essential for the Town of Truro to continue to reach out to the development community and sources of public and private financing to secure the necessary technical and financial resources to create actual affordable units. While some of the units produced will rely on the participation of existing homeowners, most of the production will require joint ventures with developers – for profit and non-profit – to produce new units. In addition to the active participation of the development community, it will be important for Truro to seek support from state and federal agencies.

- Continue to make suitable public land available for affordable housing

- Explore an amnesty program for accessory apartments
- Continue to convert existing housing units to affordability
- Another possible strategy for consideration*
 - Promote adaptive reuse

4. *Housing Preservation*

Housing production is critical, but the Town also needs to be concerned that it does not lose units already counted as part of its Subsidized Housing Inventory and provides resources to support the deferred home maintenance needs of lower income residents, including seniors.

- Monitor affordability of Subsidized Housing Inventory
- Help qualifying homeowners access housing assistance

A summary table of these actions is included on page 9.

D. Summary Description of Use Restrictions

Truro is committed to maintaining its Subsidized Housing Inventory for as long a period as possible. Affordable units must serve households with incomes no greater than 80% of the area median income for which the unit is located. Units must be subject to use restrictions or re-sale controls to preserve their affordability as follows:

- For a minimum of thirty years or longer from the date of subsidy approval or construction for new construction.
- For a minimum of fifteen years or longer from the date of subsidy approval or completion for rehabilitation.
- Alternatively, a term of perpetuity is encouraged for both new construction and completion of rehabilitation.

Units are or will be subject to an executed Regulatory Agreement between the developer and the subsidizing agency, and the units will be marketed in a fair and open process consistent with state and federal fair housing laws.

Table 2
Summary of Housing Actions

Actions	Type of Action		# Affordable Units	Page Number
	Priority	For Future Consideration		
A. Planning and Regulatory Reform				56
1. Adopt inclusionary zoning	X		6	56
2. Amend accessory apartment bylaw	X		9 (Also counted in C.2)	58
3. Amend condo bylaw	X		Under A.1 or A.7	59
4. Encourage cluster zoning	X		Under A.1. or A.7	60
5. Allow affordable housing on nonconforming lots	X		4	60
6. Encourage mixed-use development	X		18	61
7. Adopt Housing Guidelines/ other private dev.	X		14	62
Explore possible tax policy change		X		63
Explore TDR		X	-	63
B. Build Local Capacity				63
1. Continue educational campaign	X		*	64
2. Establish Annual Housing Summits	X		*	65
Promote affordable housing organizations		X	*	65
Improve Commonwealth Capital scoring		X	*	66
C. Housing Production				66
1. Continue to make suitable public land available for affordable	X		39	66
2. Explore Amnesty Program for accessory apartments	X		9 (also under A.2)	72
3. Continue to convert existing housing to affordability	X		3	73
Promote adaptive re-use		X	-	74
D. Housing Preservation				75
1. Monitor affordability of Subsidized Housing Inventory	X		*	75
2. Help qualifying homeowners access housing assistance	X		*	75

** Indicates actions that are unlikely to directly produce new affordable units by themselves but are key to creating the resources that will contribute to actual unit creation.*